

OSKALOOSA COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

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OSKALOOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2007 Election)		
David Meinert	President	2007
Don Patterson	Vice President	2008
Laurie Palmer	Board Member	2007
Bruce Smith	Board Member	2007
John Grahek	Board Member	2008
Anne Whitis	Board Member	2009
Lin Yoder	Board Member	2009
Board of Education (After September, 2007 Election)		
David Meinert	President	2009
Don Patterson	Vice President	2008
John Grahek	Board Member	2008
Anne Whitis	Board Member	2009
Lin Yoder	Board Member	2009
Laurie Palmer	Board Member	2011
Jon Denniston	Board Member	2011
School Officials		
Dr. M. Carolyn McGaughey	Superintendent	2008
Chad Vink	District Secretary/Treasurer	2008
Randy S. De Geest	Attorney	Indefinite



Independent Auditor's Report

To the Board of Education
Oskaloosa Community School District
Oskaloosa, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009, 2008 on our consideration of Oskaloosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 12 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oskaloosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

January 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2008. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years.

FINANCIAL HIGHLIGHTS

The District has now fully completed all of the major construction, renovation, and repair projects planned for the period from 2000-2007. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. Most of these bonds were refinanced in 2008, and the details of the District's long-term debt are detailed in the Notes to the District's financial statements. No additional bond issues are being considered at this time, and revenues in excess of the projected requirements have made repayments on these bonds predictable.

General Fund revenues increased from \$19,326,569 in fiscal year 2007 to \$20,706,364 in 2008, while General Fund expenditures increased from \$20,593,276 in fiscal year 2007 to \$21,576,862 in 2008. This resulted in a decrease in the District's General Fund balance from \$452,416 in fiscal year 2007 to (\$418,082), a decrease of \$870,498.

The increase in revenues was attributable to an increase in State Foundation Aid, Supplemental Special Education State Aid, and Earnings on Investments. The increase in expenditures was attributable to negotiated wage and benefit increases as well as the increased cost of providing special education services.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2004 – \$27,835; 2005 – \$65,690; 2006 – \$215,439; 2007 – \$82,194; and 2008 – \$174,732.

OVERVIEW OF FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as food services.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

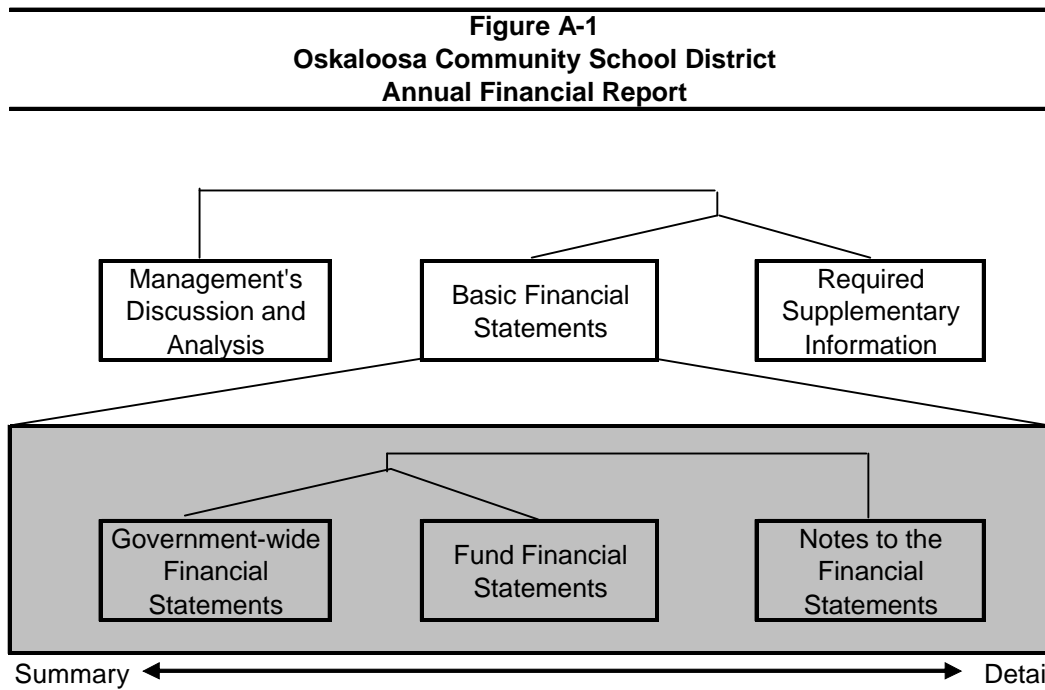


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

<p align="center">Figure A-2 Major Features of the District-Wide and Fund Financial Statements</p>				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Business-type Activities: The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

Governmental Funds. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Fund.

Proprietary Funds. Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the government-wide statements.

The Nutrition Fund, Student Construction Fund, and Student Farm Fund are the only proprietary funds that the District maintains.

Fiduciary Funds. The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

This is the sixth year of implementation of the new reporting model for the District. For this reason, comparative condensed financial statements are presented in Figure A-3.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$ 21,599	14,942	88	38	21,687	14,980	44.8%
Capital assets	30,963	30,286	221	251	31,184	30,537	2.1%
Total assets	52,562	45,228	309	289	52,871	45,517	16.2%
Long-term liabilities	20,436	18,600	-	-	20,436	18,600	9.9%
Other liabilities	13,762	9,825	178	103	13,940	9,928	40.4%
Total liabilities	34,198	28,425	178	103	34,376	28,528	20.5%
Net assets:							
Invested in capital assets, net of related debt	18,466	16,358	221	251	18,687	16,609	12.5%
Restricted	862	542	-	-	862	542	59.0%
Unrestricted	(964)	(97)	(90)	(65)	(1,054)	(162)	550.6%
Total net assets	\$ 18,364	16,803	131	186	18,495	16,989	8.9%

Figure A-4 shows the change in net assets for the year ended June 30, 2008.

Figure A-4 Changes in Net Assets (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		
	Year ended June 30,		Year ended June 30,		Year ended June 30,		
	2008	2007	2008	2007	2008	2007	
Revenues:							
Program revenues:							
Charges for service	\$ 1,132	1,127	461	498	1,593	1,625	
Operating grants, contributions and restricted interest	3,155	2,408	427	398	3,582	2,806	
Capital grants, contributions and restricted interest	-	-	-	-	-	-	
General revenues:							
Property tax	7,288	7,248	-	-	7,288	7,248	
Local option sales and service tax	3,185	2,470	-	-	3,185	2,470	
Unrestricted state grants	10,086	9,638	-	-	10,086	9,638	
Unrestricted investment earnings	360	198	1	1	361	199	
Other	270	386	-	-	270	386	
Total revenues	25,476	23,475	889	897	26,365	24,372	
Program expenses:							
Governmental activities:							
Instruction	14,297	14,176	-	-	14,297	14,176	
Support services	7,453	6,883	-	-	7,453	6,883	
Non-instructional programs	-	-	944	940	944	940	
Other expenses	2,165	2,232	-	-	2,165	2,232	
Total expenses	23,915	23,291	944	940	24,859	24,231	
Change in net assets	\$ 1,561	184	(55)	(43)	1,506	141	

Governmental Activities

The revenues and other financing sources for governmental activities were \$25,476,248 and expenses were \$23,915,189.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-5		
Total and Net Cost of Governmental Activities		
(Expressed in Thousands)		
	Total Cost of Services	Net Cost of Services
Instruction	\$ 14,297	10,894
Support services	7,453	7,378
Other expenses	2,165	1,357
Totals	<u>\$ 23,915</u>	<u>19,629</u>

- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,154,670.
- The net cost of governmental activities was financed with \$10,473,002 in local property tax and local option sales and services taxes, \$10,086,640 in unrestricted state grants, and \$359,868 in interest on investments.
- The local option sales tax revenue was \$3,185,186.
- The revenues and expenses for the District's governmental activities increased due to higher overall sales tax revenues, as well as the proceeds and retirement of debt involved with the refinancing of construction bonds. The financial strength of the District is in a transition phase with lower revenues and increasing bond payments, causing a (2.8%) solvency ratio.

Business Type Activities

Revenues of the District's business type activities were \$888,566 and expenses were \$943,372. The Nutrition Fund comprises the primary business type activity for the District. Revenues included \$460,892 in charges for services, \$426,931 in state and federal grants, and \$743 in interest on investments.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances increased a total of \$2,753,157 over the previous fiscal year. The individual fund balance changes were as follows:

	Beginning Balance	Increase	Ending Balance
General Fund	\$ 452,416	(870,498)	(418,082)
Capital Projects	4,401,583	3,389,701	7,791,284
Non-major Funds	461,879	233,924	695,803

The total receipts for the governmental and proprietary funds were greater than budgeted amounts due to unexpected funds from local sources, specifically sales tax revenues and bond proceeds. Actual expenditures were greater than budgeted amounts due to increase in salaries and benefits, and costs associated with special education students.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. It may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on a modified accrual basis in accordance with generally accepted accounting principles. During the 2008 fiscal year, the District amended its budget once to reflect increased expenditure estimates in two of the four budget categories.

CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of the 2008 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers and audio-visual equipment, transportation equipment, and administrative offices.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

Figure A-6							
Capital Assets, net of Depreciation							
(Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$ 360	360	-	-	360	360	0.0%
Construction in progress	-	-	-	-	-	-	
Buildings	28,033	28,655	-	-	28,033	28,655	-2.2%
Improvements other than buildings	19	26	-	-	19	26	-26.9%
Furniture and equipment	2,551	1,245	221	251	2,772	1,496	85.3%
Totals	<u>\$ 30,963</u>	<u>30,286</u>	<u>221</u>	<u>251</u>	<u>31,184</u>	<u>30,537</u>	<u>2.1%</u>

Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$20,435,865 for the District as of June 30, 2008.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

Figure A-7			
Outstanding Long-Term Obligations			
(Expressed in Thousands)			
	Total District		Total Change
	June 30,		June 30,
	2008	2007	2007-2008
School infrastructure revenue bonds payable	\$ 9,065	6,445	40.7%
Revenue bonds payable	9,000	10,155	-11.4%
Capital notes payable	1,525	1,730	-11.8%
Compensated absences	-	49	-100.0%
Lease purchase agreement	698	-	
Early retirement	148	221	-33.0%
Totals	<u>\$ 20,436</u>	<u>18,600</u>	<u>9.9%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

A substantial part of the general fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's certified enrollment to establish the combined district cost. The certified enrollment determined in October of 2008 indicated a decrease of fourteen students. The District's Administration will continue to monitor student enrollment as they relate to the state and federal funding generated.

A substantial part of the general fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, administration will be forced to reduce the expenditure budget with cuts in staff.

CONTACTS

For information regarding this report, contact Chad M. Vink, Board Secretary, Oskaloosa Community School District, 1800 North 3rd Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

Basic Financial Statements

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
ISCAP	\$ 3,018,401	-	3,018,401
Other	9,628,187	79,049	9,707,236
Receivables:			
Property tax:			
Delinquent	88,553	-	88,553
Succeeding year	8,015,486	-	8,015,486
Accounts	177,964	-	177,964
Accrued interest			
ISCAP	1,144	-	1,144
Due from other funds	150,363	-	150,363
Due from other governments	519,141	-	519,141
Inventories	-	8,441	8,441
Capital assets, net of accumulated depreciation	30,962,796	221,177	31,183,973
Total assets	52,562,035	308,667	52,870,702
Liabilities			
Accounts payable	278,423	5,494	283,917
Salaries and benefits payable	2,065,113	-	2,065,113
Due to other funds	-	150,363	150,363
Accrued interest payable	289,742	-	289,742
Unearned revenue:			
Succeeding year property tax	8,015,486	-	8,015,486
Other	66,618	22,078	88,696
ISCAP warrants payable	2,994,000	-	2,994,000
ISCAP accrued interest payable	1,148	-	1,148
ISCAP unamortized premiums	51,347	-	51,347
Long-term liabilities:			
Portion due within one year:			
Obligations under capital lease	220,112	-	220,112
School infrastructure revenue bonds payable	925,000	-	925,000
Revenue bonds payable	1,505,000	-	1,505,000
Capital notes payable	240,000	-	240,000
Early retirement	58,099	-	58,099
Portion due after one year:			
Obligations under capital lease	477,983	-	477,983
School infrastructure revenue bonds payable	3,710,000	-	3,710,000
Revenue bonds payable	11,925,000	-	11,925,000
Capital notes payable	1,285,000	-	1,285,000
Early retirement	89,671	-	89,671
Total liabilities	34,197,742	177,935	34,375,677
Net assets			
Invested in capital assets, net of related debt	18,465,985	221,177	18,687,162
Restricted for:			
Other special revenue purposes	727,701	-	727,701
State grants	134,545	-	134,545
Unrestricted	(963,938)	(90,445)	(1,054,383)
Total net assets	\$ 18,364,293	130,732	18,495,025

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

Functions/Programs	Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular	\$ 9,880,876	390,754	1,577,227
Special	3,475,882	116,377	711,516
Other	940,488	603,215	4,452
	<u>14,297,246</u>	<u>1,110,346</u>	<u>2,293,195</u>
Support Services:			
Student	1,066,298	-	-
Instructional staff	967,328	-	-
Administration	2,099,722	-	-
Operation and maintenance of plant	2,454,668	-	-
Transportation	865,106	21,624	53,395
	<u>7,453,122</u>	<u>21,624</u>	<u>53,395</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt interest	727,881	-	-
AEA flowthrough	808,080	-	808,080
Depreciation (unallocated)*	628,860	-	-
	<u>2,164,821</u>	<u>-</u>	<u>808,080</u>
Total governmental activities	23,915,189	1,131,970	3,154,670
Business type activities:			
Non-instructional programs:			
Nutrition services	943,372	460,892	426,931
	<u>943,372</u>	<u>460,892</u>	<u>426,931</u>
Total primary government	<u>\$ 24,858,561</u>	<u>1,592,862</u>	<u>3,581,601</u>

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental</u>	<u>Business type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
(7,912,895)	-	(7,912,895)
(2,647,989)	-	(2,647,989)
(332,821)	-	(332,821)
(10,893,705)	-	(10,893,705)
(1,066,298)	-	(1,066,298)
(967,328)	-	(967,328)
(2,099,722)	-	(2,099,722)
(2,454,668)	-	(2,454,668)
(790,087)	-	(790,087)
(7,378,103)	-	(7,378,103)
-	-	-
(727,881)	-	(727,881)
-	-	-
(628,860)	-	(628,860)
(1,356,741)	-	(1,356,741)
(19,628,549)	-	(19,628,549)
-	(55,549)	(55,549)
-	(55,549)	(55,549)
(19,628,549)	(55,549)	(19,684,098)

Exhibit B

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

	Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Totals continued from previous pages	\$ 24,858,561	1,592,862	3,581,601
General Revenues:			
Property tax levied for:			
General purposes			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Gifts to Oskaloosa Community School District			
Gain (loss) on sale of assets			
Total general revenues			
Change in net assets			
Net assets beginning of year, as restated			
Net assets end of year			

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business type Activities	Total
(19,628,549)	(55,549)	(19,684,098)
6,836,784	-	6,836,784
451,032	-	451,032
3,185,186	-	3,185,186
10,086,640	-	10,086,640
359,868	743	360,611
242,300	-	242,300
35,459	-	35,459
(7,661)	-	(7,661)
21,189,608	743	21,190,351
1,561,059	(54,806)	1,506,253
16,803,234	185,538	16,988,772
\$ 18,364,293	130,732	18,495,025

OSKALOOSA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Capital Projects	Debt Service	Non-major Special Revenue	Total
Assets					
Cash and pooled investments:					
ISCAP	\$ 3,018,401	-	-	-	3,018,401
Other	676,698	7,559,498	-	1,391,991	9,628,187
Receivables:					
Property tax:					
Delinquent	78,810	-	-	9,743	88,553
Succeeding year	7,297,096	-	-	718,390	8,015,486
Accounts	177,964	-	-	-	177,964
Accrued interest:					
ISCAP	1,144	-	-	-	1,144
Due from other funds	783,125	-	-	-	783,125
Due from other governments	287,355	231,786	-	-	519,141
Total assets	\$ 12,320,593	7,791,284	-	2,120,124	22,232,001
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 263,353	-	-	15,070	278,423
Salaries and benefits payable	2,065,113	-	-	-	2,065,113
Early retirement payable	-	-	-	58,099	58,099
Due to other funds	-	-	-	632,762	632,762
ISCAP warrants payable	2,994,000	-	-	-	2,994,000
ISCAP accrued interest payable	1,148	-	-	-	1,148
ISCAP unamortized premiums	51,347	-	-	-	51,347
Deferred revenue:					
Succeeding year property tax	7,297,096	-	-	718,390	8,015,486
Other	66,618	-	-	-	66,618
Total liabilities	12,738,675	-	-	1,424,321	14,162,996
Fund balances:					
Reserved for state grants	134,545	-	-	-	134,545
Unreserved	(552,627)	7,791,284	-	695,803	7,934,460
Total fund balances	(418,082)	7,791,284	-	695,803	8,069,005
Total liabilities and fund balances	\$ 12,320,593	7,791,284	-	2,120,124	22,232,001

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances of governmental funds (Exhibit C)	\$ 8,069,005
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

30,962,796

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(289,742)

Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

(20,377,766)

Net assets of governmental activities (Exhibit A)

\$ 18,364,293

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2008

	General	Capital Projects	Debt Service	Non-major Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 6,486,231	3,185,186	-	801,585	10,473,002
Tuition	430,670	-	-	-	430,670
Other	539,575	104,046	-	690,337	1,333,958
State sources	12,569,492	-	-	548	12,570,040
Federal sources	676,239	-	-	-	676,239
Total revenues	20,702,207	3,289,232	-	1,492,470	25,483,909
Expenditures:					
Current:					
Instruction:					
Regular	10,290,561	-	-	94,161	10,384,722
Special	3,388,218	-	-	-	3,388,218
Other	435,655	-	-	504,833	940,488
	14,114,434	-	-	598,994	14,713,428
Support services:					
Student	1,066,298	-	-	-	1,066,298
Instructional staff	708,032	-	-	957,391	1,665,423
Administration	1,978,537	51,657	-	15,353	2,045,547
Operation and maintenance of plant	2,105,270	-	-	284,881	2,390,151
Transportation	796,211	-	-	66,355	862,566
	6,654,348	51,657	-	1,323,980	8,029,985
Other expenditures:					
Facilities acquisition	-	-	-	365,915	365,915
Long-term debt:					
Principal	-	-	5,295,000	-	5,295,000
Interest and fiscal charges	-	2,000	773,626	-	775,626
AEA flowthrough	808,080	-	-	-	808,080
	808,080	2,000	6,068,626	365,915	7,244,621
Total expenditures	21,576,862	53,657	6,068,626	2,288,889	29,988,034
Excess (deficiency) of revenues over (under) expenditures	(874,655)	3,235,575	(6,068,626)	(796,419)	(4,504,125)
Other financing sources:					
Bond proceeds	-	6,555,000	-	-	6,555,000
Capital leases	-	-	-	698,095	698,095
Sale of equipment	4,157	-	-	-	4,157
Operating transfers in	-	-	6,068,626	626,201	6,694,827
Operating transfers out	-	(6,400,874)	-	(293,953)	(6,694,827)
Total other financing sources	4,157	154,126	6,068,626	1,030,343	7,257,252
Net change in fund balances	(870,498)	3,389,701	-	233,924	2,753,127
Fund balances beginning of year	452,416	4,401,583	-	461,879	5,315,878
Fund balances end of year	\$ (418,082)	7,791,284	-	695,803	8,069,005

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year ended June 30, 2008

Net change in fund balances - total governmental funds (Exhibit E) **\$ 2,753,127**

***Amounts reported for governmental activities in the
 statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 1,619,905		
Less loss on retirement of capital assets	(11,818)		
Depreciation expense	<u>(1,190,250)</u>		417,837

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Revenue bonds issued	(5,030,000)		
Capital loan notes issued	(1,525,000)		
Obligations under capital lease issued	(698,095)		
Bond principal repaid	5,295,000		
Capital lease payments	<u>259,296</u>		(1,698,799)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

47,745

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement			<u>41,149</u>
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Change in net assets of governmental activities (Exhibit B) **\$ 1,561,059**

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Non-Major Enterprise Funds
Assets	
Current assets:	
Cash and investments	\$ 79,049
Inventories	8,441
Capital assets, net of accumulated depreciation	221,177
Total assets	<u>308,667</u>
Liabilities	
Current liabilities:	
Accounts payable	5,494
Due to other funds	150,363
Deferred revenue	22,078
Total current liabilities	<u>177,935</u>
Net Assets	
Invested in capital assets, net of related debt	221,177
Unrestricted	<u>(90,445)</u>
Total net assets	<u>\$ 130,732</u>

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2008

	<u>Non-Major Enterprise Funds</u>
Operating revenue:	
Local sources:	
Charges for services	<u>\$ 460,892</u>
Operating expenses:	
Non-instructional programs:	
Other operations:	
Purchased services	186
Supplies	77,513
Food service operations:	
Salaries	277,478
Benefits	115,214
Purchased services	1,247
Supplies	441,866
Depreciation	29,868
Total operating expenses	<u>943,372</u>
Operating loss	<u>(482,480)</u>
Non-operating revenue:	
Local sources	743
State sources	9,865
Federal sources	417,066
Total non-operating revenue	<u>427,674</u>
Change in net assets	(54,806)
Net assets beginning of year, as restated	<u>185,538</u>
Net assets end of year	<u><u>\$ 130,732</u></u>

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2008

	Non-Major Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 477,970
Cash received from miscellaneous operating activities	5,000
Cash payments to employees for services	(392,692)
Cash payments to suppliers for goods or services	(494,316)
Net cash used by operating activities	<u>(404,038)</u>
Cash flows from non-capital financing activities:	
State grants received	9,865
Federal grants received	389,911
Net cash provided by non-capital financing activities	<u>399,776</u>
Cash flows from investing activities:	
Interfund loan	50,363
Interest on investments	743
Net cash provided by investing activities	<u>51,106</u>
Net increase in cash and cash equivalents	46,844
Cash and cash equivalents at beginning of year	<u>32,205</u>
Cash and cash equivalents at end of year	<u><u>\$ 79,049</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (482,480)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	27,155
Depreciation	29,868
(Increase) in inventories	(2,742)
Increase in accounts payable	2,083
Increase in deferred revenue	22,078
Net cash used by operating activities	<u><u>\$ (404,038)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 79,049
Cash and cash equivalents at year end	<u><u>\$ 79,049</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received federal commodities valued at \$27,155.

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2008

	Private Purpose Trust Athletic Endowment
Assets	
Cash and investments	\$ 2,030
Total assets	<u>2,030</u>
Net assets	<u><u>\$ 2,030</u></u>

See notes to financial statements.

Exhibit K

DAVIS COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
Year ended June 30, 2008

	Private Purpose Trust Athletic Endowment
Additions:	
Local sources:	
Interest on investments	\$ 14
Change in net assets	14
Net assets beginning of year	2,016
Net assets end of year	\$ 2,030

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Physical Plant and Equipment Levy (PPEL) Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Student Construction Fund: This fund accounts for student construction projects.

School Farm Account: This fund accounts for transactions relating to farm rental operations of the District.

Fiduciary Fund Types: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Private Purpose Trust Fund: This fund is used to account for for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2008

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	45 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year's property tax receivable and unspent grant proceeds.

Unearned revenue on the Statement of Net Assets consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements in the support services functional area exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

At June 30, 2008, the District had investments as follows:

	Total
MBIA Money Market Fund	\$ 1,150,500
Goldman Sachs Financial Square Treasury Obligations Fund	604,483
United States Treasury Notes	5,045,020
Certificates of Deposit	160,000
	<u>\$ 6,960,003</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments MBIA Money Market Fund and Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the MBIA Money Market Fund is also rated AAA by Standard and Poor's Investor's Service. The investment in the United States treasury notes is not subject to credit risk rating.

(3) Interfund Receivables/Payables

The amounts of interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue, Management Fund	\$ 268,309
General	Physical Plant and Equipment Levy	364,453
General	Enterprise, School Nutrition	70,000
General	Enterprise, Farm Account	8,000
General	Enterprise, Student Construction	72,363
		<u>\$ 783,125</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 5,774,673
Debt Service	Special Revenue, Physical Plant and Equipment Levy	293,953
Special Revenue, Physical Plant and Equipment Levy	Capital Projects	626,201
		<u>\$ 6,694,827</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 360,229	-	-	360,229
Total capital assets not being depreciated	360,229	-	-	360,229
Capital assets being depreciated:				
Buildings	35,120,162	-	-	35,120,162
Improvements other than buildings	297,190	-	-	297,190
Furniture and equipment	6,803,878	1,879,201	326,059	8,357,020
Total capital assets being depreciated	42,221,230	1,879,201	326,059	43,774,372
Less accumulated depreciation for:				
Buildings	6,464,966	622,013	-	7,086,979
Improvements other than buildings	271,960	6,847	-	278,807
Furniture and equipment	5,558,870	561,390	314,241	5,806,019
Total accumulated depreciation	12,295,796	1,190,250	314,241	13,171,805
Total capital assets being depreciated, net	29,925,434	688,951	11,818	30,602,567
Governmental activities capital assets, net	\$ 30,285,663	688,951	11,818	30,962,796
Business type activities:				
Furniture and equipment	\$ 360,576	-	-	360,576
Less accumulated depreciation	109,531	29,868	-	139,399
Business type activities capital assets, net	\$ 251,045	(29,868)	-	221,177

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 286,140
Special	87,664

Support services:

Administration	54,175
Operation and maintenance of plant	64,517
Transportation	68,894
	561,390

Unallocated depreciation

	628,860
Total governmental activities depreciation expense	\$ 1,190,250

Business type activities:

Food services	\$ 29,868
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OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Early retirement	\$ 220,801	18,750	91,781	147,770	58,099
Lease purchase agreement	-	957,391	259,296	698,095	220,112
Capital loan notes	1,730,000	1,525,000	1,730,000	1,525,000	240,000
Local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds	16,600,000	5,030,000	3,565,000	18,065,000	2,430,000
	<u>\$ 18,550,801</u>	<u>7,531,141</u>	<u>5,646,077</u>	<u>20,435,865</u>	<u>2,948,211</u>

Capital Loan Notes

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.25%	\$ 240,000	49,838	289,838
2010	3.25%	245,000	41,762	286,762
2011	3.25%	255,000	33,800	288,800
2012	3.25%	265,000	25,512	290,512
2013	3.25%	275,000	16,900	291,900
2014	3.25%	245,000	7,962	252,962
Total		<u>\$ 1,525,000</u>	<u>175,774</u>	<u>1,700,774</u>

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Local Option Sales and Services Tax Revenue Bonds

Details of the District's local option sales and services tax revenue bonded indebtedness are as follows:

Issue Dated September 1, 2002 Series 2002A-422B				Issue Dated September 1, 2002 Subordinate Series 2002B-422B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.050%	\$ -	144,506	4.125	165,000	88,516
2010	4.050%	-	144,506	4.500	170,000	81,708
2011	4.050%	-	144,506	4.625	180,000	74,058
2012	4.050%	-	144,506	4.750	190,000	65,734
2013	4.050%	175,000	144,506	7.875	205,000	56,708
2014	4.200%	750,000	129,824	5.000	210,000	46,716
2015	4.250%	780,000	98,290	5.000	225,000	36,216
2016	4.375%	820,000	64,813	5.150	235,000	24,966
2017	4.500%	860,000	28,756	5.250	245,000	12,862
	Subtotal	3,385,000	1,044,213		1,825,000	487,484

Issue Dated July 1, 2003 Series 2003A-422B				Issue Dated May 1, 2008 Series 2008A-423B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	3.000%	\$ 630,000	99,138	3.240%	-	18,738
2010	3.125%	650,000	80,088	3.240%	-	19,440
2011	3.375%	670,000	59,741	3.240%	600,000	19,440
2012	3.500%	695,000	37,378	-	-	-
2013	3.625%	545,000	13,006	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
	Subtotal	3,190,000	289,351		600,000	57,618

Total			
Year Ending June 30,	Principal	Interest	
2009	\$ 795,000	350,898	
2010	820,000	325,742	
2011	1,450,000	297,745	
2012	885,000	247,618	
2013	925,000	214,220	
2014	960,000	176,540	
2015	1,005,000	134,506	
2016	1,055,000	89,779	
2017	1,105,000	41,618	
	\$ 9,000,000	1,878,666	

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2008

School Infrastructure Local Option Sales and Services Tax Revenue Bonds

Details of the District's school infrastructure local option sales and services tax revenue bonded indebtedness are as follows:

Issue Dated August 1, 2003 Series 2003B-422E				Issue Dated August 1, 2003 Subordinate Series 2003C-422E		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.45-4.60%	\$ 805,000	157,240	5.50	120,000	65,175
2010	4.70-4.80%	840,000	119,840	5.50	130,000	58,575
2011	4.90-5.00%	880,000	79,030	5.50	140,000	51,425
2012	5.00%	925,000	34,750	5.50	795,000	43,725
	Subtotal	\$ 3,450,000	390,860		1,185,000	218,900

Issue Dated April 28, 2008 Series 2008A-423E				Total	
Year ending June 30,	Interest Rates	Principal	Interest	Principal	Interest
2009	2.65%	\$ 710,000	-	1,635,000	222,415
2010	2.65%	1,210,000	-	2,180,000	178,415
2011	2.65%	1,235,000	-	2,255,000	130,455
2012	2.65%	1,275,000	-	2,995,000	78,475
	Subtotal	\$ 4,430,000	-	\$ 9,065,000	609,760

The local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuance of the local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds include the following provisions:

- \$2,129,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members were required to contribute 3.70% of their annual salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2008 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$792,593, \$699,868, and \$657,408, respectively, equal to the required contributions for each year.

(8) Termination Benefits

The District offers a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must be between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District and then may add one half the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2008, totaled \$91,781.

(9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$808,080 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Financial Condition

The General Fund, non-major Special Revenue Fund-Management Levy, Enterprise Fund-School Farm Account, and Enterprise Fund-Student Construction had deficit undesignated, unreserved fund balances at June 30, 2008 of \$418,082, \$31,898, \$7,565 and \$77,279 respectively. In addition, the Special Revenue Fund-Activity Fund had several individual account deficit balances.

(12) Restatement

The Enterprise Fund-School Nutrition Fund beginning balance was increased by \$16,926 to account for an inadvertent omission of equipment purchased in a prior year.

Required Supplementary Information

OSKALOOSA COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2008

	Governmental Funds - Actual	Proprietary Funds - Actual
Revenues:		
Local sources	\$ 12,237,630	461,635
State sources	12,570,040	9,865
Federal sources	676,239	417,066
Total revenues	<u>25,483,909</u>	<u>888,566</u>
Expenditures:		
Instruction	14,713,428	-
Support services	8,029,985	-
Noninstructional programs	-	943,372
Other expenditures	7,244,621	-
Total expenditures	<u>29,988,034</u>	<u>943,372</u>
Deficiency of revenues under expenditures	(4,504,125)	(54,806)
Other financing sources, net	<u>7,257,252</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	2,753,127	(54,806)
Balances beginning of year, as restated	<u>5,315,878</u>	<u>185,538</u>
Balances end of year	<u>\$ 8,069,005</u>	<u>130,732</u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
	Original	Final	
12,699,265	12,989,421	12,989,421	(290,156)
12,579,905	12,621,727	12,621,727	(41,822)
1,093,305	1,286,169	1,286,169	(192,864)
26,372,475	26,897,317	26,897,317	(524,842)
14,713,428	14,555,152	15,052,462	339,034
8,029,985	7,742,606	7,883,565	(146,420)
943,372	1,049,737	1,049,737	106,365
7,244,621	5,677,582	9,500,000	2,255,379
30,931,406	29,025,077	33,485,764	2,554,358
(4,558,931)	(2,127,760)	(6,588,447)	2,029,516
7,257,252	14,855	14,855	7,242,397
2,698,321	(2,112,905)	(6,573,592)	9,271,913
5,501,416	7,051,157	7,051,157	(1,549,741)
8,199,737	4,938,252	477,565	7,722,172

OSKALOOSA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$4,460,687.

During the year ended June 30, 2008, disbursements in the support services function exceeded the amount budgeted.

Other Supplementary Information

OSKALOOSA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008

		Special Revenue			
		Management	Student	Physical	
		Levy	Activity	Plant and	
				Equipment	
				Levy	Total
Assets					
Cash and pooled investments		\$ 290,251	396,815	704,925	1,391,991
Receivables:					
Property tax:					
Delinquent		4,259	-	5,484	9,743
Succeeding year		225,002	-	493,388	718,390
Total assets		\$ 519,512	396,815	1,203,797	2,120,124
Liabilities and Fund Balances					
Liabilities:					
Accounts payable		\$ -	15,070	-	15,070
Early retirement payable		58,099	-	-	58,099
Due to other funds		268,309	-	364,453	632,762
Deferred revenue:					
Succeeding year property tax		225,002	-	493,388	718,390
Total liabilities		551,410	15,070	857,841	1,424,321
Fund balances:					
Unreserved fund balances		(31,898)	381,745	345,956	695,803
Total liabilities and fund balances		\$ 519,512	396,815	1,203,797	2,120,124

See accompanying independent auditor's report.

Schedule 2

OSKALOOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2008

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 350,553	-	451,032	801,585
Other	32,904	591,047	66,386	690,337
State sources	239	-	309	548
Total revenues	383,696	591,047	517,727	1,492,470
Expenditures:				
Current:				
Instruction:				
Regular	94,161	-	-	94,161
Other	-	504,833	-	504,833
Support Services:				
Instructional staff	-	-	957,391	957,391
Administration	100	-	15,253	15,353
Operation and maintenance of plant	262,781	-	22,100	284,881
Transportation	-	-	66,355	66,355
Other expenditures:				
Facilities acquisition	-	-	365,915	365,915
Total expenditures	357,042	504,833	1,427,014	2,288,889
Excess of revenues over expenditures	26,654	86,214	(909,287)	(796,419)
Other financing sources:				
Capital leases	-	-	698,095	698,095
Operating transfers in	-	-	626,201	626,201
Operating transfers out	-	-	(293,953)	(293,953)
Total other financing sources	-	-	1,030,343	1,030,343
Excess of revenues and other financing sources over expenditures	26,654	86,214	121,056	233,924
Fund balance beginning of year	(58,552)	295,531	224,900	461,879
Fund balance end of year	\$ (31,898)	381,745	345,956	695,803

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Senior High Cross Country	\$ 82	486	969	1,075	674
Senior High Drama	2,502	4,941	3,568	(500)	3,375
Senior High Vocal Spec Events	524	580	1,384	1,000	720
Senior High Band Spec Events	12,306	43,697	54,856	500	1,647
Special Girls Track	4,531	2,236	3,671	-	3,096
Boys Basketball	16,566	27,926	23,836	(2,000)	18,656
Football	20,910	31,561	16,141	(4,000)	32,330
Boys Soccer	1,981	2,405	2,739	-	1,647
Special Boys Soccer	-	273	-	-	273
Baseball	(155)	7,109	8,162	2,000	792
Boys Track	22	2,299	2,581	-	(260)
Boys Tennis	323	124	1,664	1,000	(217)
Boys Golf	1,067	39	495	-	611
Special Boys Golf	-	1,251	1,056	-	195
Wrestling	7,824	5,837	8,210	-	5,451
Girls Basketball	16,628	8,018	4,072	(2,565)	18,009
Girls Volleyball	3,656	11,933	12,160	-	3,429
Girls Soccer	1,092	1,276	1,375	500	1,493
Special Girls Soccer	106	2,375	720	-	1,761
Girls Softball	5,276	11,130	9,779	(1,003)	5,624
Girls Track	(530)	2,397	4,088	3,000	779
Girls Tennis	(209)	59	1,404	1,500	(54)
Special Girls Tennis	1,819	1,905	2,491	-	1,233
Girls Golf	242	245	417	427	497
Special Girls Golf	-	175	-	565	740
Dance and Drill	887	3,594	2,587	-	1,894
Senior High Annual	12,157	13,274	18,105	-	7,326
Junior High Activity Tickets	340	6,390	30	(4,000)	2,700
Senior High Thespians	432	3,068	3,255	-	245
Senior High Pep Club	4,671	20	4,172	-	519
Senior High Football Calendar	2,710	13,495	13,159	-	3,046
Senior High Student Council	5,428	24,305	24,733	(200)	4,800
Senior High Business Ed Part	12	-	-	-	12
Senior High Special Baseball	9,274	19,071	13,337	-	15,008
Oskaloosa Basketball Camp	287	5,970	5,940	200	517
Senior High Special Wrestling	1,226	6,148	5,586	(430)	1,358
Pepsi Rebate	5,670	-	-	-	5,670
Junior High Newspaper	52	-	-	(52)	-
Middle School Orchestra	1,123	1,031	1,479	124	799
Senior High Athletics	2,793	20	4,735	1,914	(8)
Senior High Band Repair Spec Events	30	-	535	561	56
Senior High Orchestra Repair	1,665	5,370	4,802	425	2,658
Senior High FFA	10,103	15,266	15,326	-	10,043
Senior High Forensics	596	-	-	-	596
Joe Gray Penmanship Award	462	500	528	-	434
Senior High The O	326	37	-	-	363
Senior High O Club	14,888	37,524	27,491	(520)	24,401
Sophomore Class	485	312	-	-	797
Junior Class	1,448	476	47	-	1,877
Senior Class	159	271	-	200	630
Storybook Players	2,467	665	381	-	2,751
Senior High World of Work	1,258	472	987	-	743
Senior High Project Write	965	-	-	-	965
Senior High Special Track	4,501	1,489	3,064	430	3,356
Senior High Work Program	13	-	-	-	13

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Business M.O.C.	78	442	38	-	482
Senior High Spec Girls Basketball	152	1,087	652	(200)	387
Special Softball	2,142	13,638	10,911	2,102	6,971
Senior High Volleyball Camp	4,002	7,005	6,496	-	4,511
Senior High Choir Robes	251	130	358	-	23
Middle School Spec Activity Fund Raiser	5,138	26,256	22,290	(2,727)	6,377
Subscriptions Special Pub	10	-	-	(10)	-
Biology Field Trips	24	-	-	-	24
Special Events Change	612	1,200	1,200	-	612
Junior High Special Projects	(134)	-	-	134	-
Interest	15,850	14,703	101	20	30,472
Elementary Band	952	4,249	1,585	-	3,616
Middle School Science	106	-	-	-	106
Middle School Band Special Event	4,591	5,747	2,810	-	7,528
Middle School Band Uniforms	2,323	8,847	6,919	102	4,353
Middle School Annual	222	2,077	2,510	439	228
Senior High Activity Tickets	515	11,600	-	(8,500)	3,615
Senior High General Adm	20,847	46,461	32,830	375	34,853
Middle School Athletics	6,120	8,038	15,217	6,030	4,971
Middle School Student Council	1,865	3,331	2,408	(500)	2,288
Middle School Pep Club	2,551	-	-	-	2,551
Middle School Vocal Special Events	719	2,137	1,258	-	1,598
Middle School Orchestra Special Events	436	1,965	2,135	-	266
Middle School Special Events Band Repair	(22)	132	-	-	110
Senior High Home Fees	2,817	1,175	439	-	3,553
Athletic Adm Senior High	690	4,840	422	2,000	7,108
Athletic Pop Fund	13,731	18,057	10,093	-	21,695
S.E.A.K. Club	21	-	-	(21)	-
Senior High Snack Machines	1,486	-	608	-	878
Senior High Pop Fund	1,492	9,796	8,872	-	2,416
Industrial Tech Module	80	7	-	-	87
Band Special Fund Raiser	1,890	-	-	-	1,890
OHS Store	825	-	-	-	825
Student Council Sign	1,853	-	1,407	-	446
Middle School Peer Helpers	582	4,496	4,106	470	1,442
Senior High At Risk	1,451	661	431	(375)	1,306
FFA Vending	3,751	13,403	12,104	-	5,050
Freshman Class	404	325	-	-	729
Middle School Drama	-	1,842	1,018	1,000	1,824
Elementary	9,860	25,662	22,846	-	12,676
Math Scholarship	150	-	45	-	105
Middle School Life Skills MD Special Olympics	-	-	-	929	929
Life Skills MD Secondary	929	-	-	(689)	240
Middle School General Adm	451	17,751	11,189	(490)	6,523
Middle School At Risk Fund Raiser	461	4,157	4,714	-	(96)
Senior High Special Education	-	-	-	(240)	(240)
Dropout Prevention/Oasis Fund	266	785	704	-	347
	<u>\$ 295,531</u>	<u>591,047</u>	<u>504,833</u>	<u>-</u>	<u>381,745</u>

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2008

	Enterprise Funds			
	Farm Account	Student Construction	School Nutrition	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 435	-	78,614	79,049
Inventories	-	-	8,441	8,441
Capital assets, net of depreciation	-	-	221,177	221,177
Total assets	435	-	308,232	308,667
Liabilities				
Current liabilities:				
Accounts payable	\$ -	4,916	578	5,494
Due to other funds	8,000	72,363	70,000	150,363
Unearned revenue	-	-	22,078	22,078
Total liabilities	8,000	77,279	92,656	177,935
Net assets				
Invested in capital assets, net of related debt	-	-	221,177	221,177
Unrestricted	(7,565)	(77,279)	(5,601)	(90,445)
Total net assets	\$ (7,565)	(77,279)	215,576	130,732

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2008

	Enterprise Funds			
	Farm Account	Student Construction	School Nutrition	Total
Operating revenue:				
Local sources:				
Other local sources:				
Sale of lunches and breakfasts	\$ -	-	455,892	455,892
Sale of services	5,000	-	-	5,000
Total operating revenue	5,000	-	455,892	460,892
Operating expenses:				
Non-instructional programs:				
Other operations:				
Purchased services	-	186	-	186
Supplies	420	77,093	-	77,513
	420	77,279	-	77,699
Food services operations:				
Salaries	-	-	277,478	277,478
Benefits	-	-	115,214	115,214
Purchased services	-	-	1,247	1,247
Supplies	-	-	441,866	441,866
Depreciation	-	-	29,868	29,868
	-	-	865,673	865,673
Total operating expenses	420	77,279	865,673	943,372
Operating gain (loss)	4,580	(77,279)	(409,781)	(482,480)
Non-operating revenue:				
Local sources	-	-	743	743
State sources	-	-	9,865	9,865
Federal sources	-	-	417,066	417,066
Total non-operating revenue	-	-	427,674	427,674
Changes in net assets	4,580	(77,279)	17,893	(54,806)
Net assets beginning of year, as restated	(12,145)	-	197,683	185,538
Net assets end of year	\$ (7,565)	(77,279)	215,576	130,732

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2008

	Enterprise Funds			
	Farm Account	Student Construction	School Nutrition	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	-	477,970	477,970
Cash received from miscellaneous operating activities	5,000	-	-	5,000
Cash payments to employees for services	-	-	(392,692)	(392,692)
Cash payments to suppliers for goods or services	(420)	(72,363)	(421,533)	(494,316)
Net cash used by operating activities	4,580	(72,363)	(336,255)	(404,038)
Cash flows from non-capital financing activities:				
State grants received	-	-	9,865	9,865
Federal grants received	-	-	389,911	389,911
Net cash provided by non-capital financing activities	-	-	399,776	399,776
Cash flows from investing activities:				
Interfund loan	(22,000)	72,363	-	50,363
Interest on investments	-	-	743	743
Net cash used in investing activities	(22,000)	72,363	743	51,106
Net increase in cash and cash equivalents	(17,420)	-	64,264	46,844
Cash and cash equivalents at beginning of year	17,855	-	14,350	32,205
Cash and cash equivalents at end of year	\$ 435	-	78,614	79,049
Reconciliation of operating loss to net cash used by operating activities:				
Operating gain (loss)	\$ 4,580	(77,279)	(409,781)	(482,480)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Commodities used	-	-	27,155	27,155
Depreciation	-	-	29,868	29,868
(Increase) in inventories	-	-	(2,742)	(2,742)
Increase (decrease) in accounts payable	-	4,916	(2,833)	2,083
Increase in deferred revenue	-	-	22,078	22,078
Net cash used by operating activities	\$ 4,580	(72,363)	(336,255)	(404,038)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received federal commodities valued at \$27,155.

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	2008	2007	2006	2005	2004	2003	2002
Revenues:							
Local sources:							
Local tax	\$ 10,473,002	9,717,780	10,112,437	10,042,855	9,465,204	8,385,368	6,465,860
Tuition	430,670	370,602	299,511	326,404	444,713	283,540	279,779
Other	1,333,958	1,333,909	1,748,735	1,130,049	1,041,230	960,806	1,011,201
Intermediate sources	-	-	-	-	-	33,700	4,015
State sources	12,570,040	11,330,164	10,877,949	10,495,514	10,315,329	11,309,707	10,346,601
Federal sources	676,239	721,238	828,890	861,630	925,182	636,812	959,834
Total	<u>\$ 25,483,909</u>	<u>23,473,693</u>	<u>23,867,522</u>	<u>22,856,452</u>	<u>22,191,658</u>	<u>21,609,933</u>	<u>19,067,290</u>
Expenditures:							
Instruction:							
Regular	\$ 10,384,722	9,868,246	8,628,916	8,383,117	8,208,263	8,109,955	8,199,175
Special	3,388,218	3,020,880	2,563,071	2,565,959	2,493,156	2,123,023	2,078,513
Other	940,488	1,124,062	2,042,558	1,466,170	1,554,908	1,538,660	1,477,561
Support services:							
Student	1,066,298	1,054,735	1,057,412	969,415	950,767	914,028	854,094
Instructional staff	1,665,423	709,316	705,920	766,037	450,061	441,450	492,378
Administration	2,045,547	1,884,408	1,928,898	1,589,518	1,454,979	1,536,750	1,501,823
Operation and maintenance of plant	2,390,151	2,357,837	2,398,119	1,900,009	1,720,436	1,586,826	1,554,724
Transportation	862,566	866,161	873,562	658,792	566,650	511,112	600,102
Central support	-	-	-	-	125,895	91,032	-
Other expenditures:							
Facilities acquisition	365,915	183,391	1,371,806	6,316,892	14,323,925	7,653,437	1,189,916
Long-term debt:							
Principal	5,295,000	1,795,000	1,615,000	1,315,000	670,000	-	-
Interest and other charges	775,626	795,514	925,121	854,809	611,723	200,904	-
AEA flowthrough	808,080	751,761	709,649	694,480	703,926	744,979	746,909
Total	<u>\$ 29,988,034</u>	<u>24,411,311</u>	<u>24,820,032</u>	<u>27,480,198</u>	<u>33,834,689</u>	<u>25,452,156</u>	<u>18,695,195</u>

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY 08	<u>\$ 27,155</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 08	67,066
National School Lunch Program	10.555	FY 08	322,845
			<u>389,911</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 08	<u>335,338</u>
Vocational Education - Basic Grants to States	84.048	FY 08	<u>41,872</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 08	<u>7,452</u>
State Grants for Innovative Programs	84.298	FY 08	<u>4,325</u>
Improving Teacher Quality State Grants	84.367	FY 08	<u>119,864</u>
Grants for State Assessments and Related Activities	84.369	FY 08	<u>16,471</u>
Area Education Agency (AEA 11):			
Special Education - Grants to States	84.027	FY 08	<u>71,256</u>
Total			<u>\$ 1,013,644</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oskaloosa Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Oskaloosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 30, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oskaloosa Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Oskaloosa Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Oskaloosa Community School District's financial statements that is more than inconsequential will not be prevented or detected by Oskaloosa Community School District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Oskaloosa Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oskaloosa Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

January 30, 2009

**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Oskaloosa Community School District:

Compliance

We have audited the compliance of Oskaloosa Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oskaloosa Community School District's management. Our responsibility is to express an opinion on Oskaloosa Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oskaloosa Community School District's compliance with those requirements.

In our opinion, Oskaloosa Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oskaloosa Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We identified no deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Oskaloosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

January 30, 2009

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Oskaloosa Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2008

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-08 Certified Budget - Disbursements for the year ended June 30, 2008, exceeded the certified budget amount in the support services functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa Before disbursements were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

- IV-B-08 Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-08 Business Transactions – No business transactions between the District and District officials or employees were noted.

- IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- IV-F-08 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

- IV-H-08 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

- IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

- IV-J-08 Deficit Balances - The General Fund, Special Revenue Fund-Management Levy, the Enterprise Fund-School Farm Account, and the Enterprise Fund-Student Construction had deficit balances as of June 30, 2008. The Special Revenue Fund-Student Activity had several deficit amounts as of June 30, 2008.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.

Conclusion - Response accepted.